

Message Text

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PAGE 01 HONG K 01559 020644Z

ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CU-04 SP-02 USIA-06 AID-05

EB-08 NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 AGRE-00 DOE-11 SOE-02

ACDA-12 NRC-05 INT-05 DODE-00 PM-05 H-01 L-03

PA-01 PRS-01 OES-07 /152 W

-----000108 022139Z /72

R 020416Z FEB 78

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8871

INFO CINCPAC

AMEMBASSY BANGKOK

USLO PEKING

AMEMBASSY STOCKHOLM

AMEMBASSY VIENTIANE

C O N F I D E N T I A L HONG KONG 1559

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: EAID, EFIS, EPAP, SN, VM

SUBJ: PROBLEMS AT SWEDISH PAPER MILL PROJECT IN VIETNAM

REF: HONG KONG 1237

1. IN A CONVERSATION WITH CONGENOFFS TWO SWEDISH TECHNICIANS DESCRIBED SERIOUS PROBLEMS HINDERING PROGRESS OF THE SWEDISH PAPER AND PULP MILL PROJECT AT BAI BANG 100 KILOMETERS NORTHWEST OF HANOI. CORROBORATING INFORMATION CONTAINED IN REFTEL, THE TWO TECHNICIANS STATED THAT THE PROJECT, ORIGINALLY ESTIMATED TO COST 500 MILLION KRONA, ALREADY HAD COST ONE BILLION KRONA AND WOULD COST TWO BILLION BEFORE COMPLETION. THEY PREDICTED THAT WHEN THE PROJECT FINALLY IS COMPLETED THE VIETNAMESE WILLHAVE GREAT DIFFICULTY RUNNING IT. AS AN
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PAGE 02 HONG K 01559 020644Z

EXAMPLE, THEY NOTED THAT THE SEEDLINGS WHICH THEY WERE PLANTING TO PROVIDE RAW MATERIAL FOR THE PULP WOULD TAKE FIFTY YEARS TO MATURE AND IN THE MEANWHILE WOULD REQUIRE CONSTANT SPRAYING AND OTHER CARE WHICH THEY DID NOT BELIEVE THE VIETNAMESE WERE TECHNICALLY CAPABLE OF HANDLING.

2. THE SWEDES WERE PARTICULARLY IRKED THAT THE VIETNAMESE HAD ARBITRARILY DIVERTED FOR OTHER PURPOSES A LARGE AMOUNT OF THE EQUIPMENT SENT FROM SWEDEN FOR THE PROJECT. THEY COMPLAINED THAT WORK HAD BEEN GREATLY SLOWED BY THE VIETNAMESE PROPENSITY TO HOLD LONG MEETINGS TO DISCUSS EVERY SWEDISH PROPOSAL, NO MATTER HOW MINOR AND BY THE FREQUENT UNAVAILABILITY OF KEY SRV OFFICIALS WHO WERE EITHER "OUT OF TOWN" OR "IN A MEETING" WHICH COULD LAST FOR DAYS.

3. THE SWEDES SAID THE VIETNAMESE OFTEN DENIED THEM ACCESS TO FORESTRY DEVELOPMENTS AND RELATED ROAD BUILDING SITES, PARTICULARLY THOSE NEAR THE SINO-VIETNAMESE BORDER. THEY SAID RUMORS WERE RIFE IN VIETNAM THAT TRAVEL TO THE BORDER HAD BEEN CURTAILED BECAUSE OF CLASHES WITH THE CHINESE. THEY ADDED THAT SWEDES WISHING TO VISIT OTHER PROJECTS IN SOUTH VIETNAM ALSO HAVE REPEATEDLY BEEN DENIED PERMISSION TO TRAVEL. OTHER RUMORS SUGGESTED SRV PROBLEMS WITH "CONTROLLING" SAIGON AND FREQUENT CLASHES WITH THE MONTAGNARDS.

4. THE TECHNICIANS ALSO COMPLAINED ABOUT THE SLOW PACE OF VIETNAMESE WORKERS BUT HYPOTHESIZED THAT THIS COULD IN PART BE DUE TO THEIR LOW CALORIC INTAKE.

CONFIDENTIAL

PAGE 03 HONG K 01559 020644Z

TAKE. BOTH MEN SAID VIETNAMESE OFTEN TOLD THEM THEY COULD NOT AFFORD BREAKFAST AND HAD TO WAIT UNTIL THE 11-2 MID-DAY BREAK BEFORE EATING.

5. ON A PERSONAL LEVEL, THE MEN WERE SATISFIED WITH THEIR HOUSING BUT NOTED THAT MOST FOOD HAD TO BE IMPORTED FROM SWEDEN, HONG KONG OR AUSTRALIA. THEY RESENTED THE SEVERE RESTRICTION IMPOSED BY THE VIETNAMESE ON THEIR MOVEMENTS, LIMITING THEM TO ONE TRIP TO HANOI PER MONTH AND A TRIP TO HALONG BY AFTER A YEAR.

6. THE OBVIOUSLY EMBITTERED SWEDES CONCLUDED THAT THE SRV HAD ACCURATELY SURMISED THAT THE CURRENT SWEDISH GOVERNMENT WOULD BE UNWILLING TO DEFAULT ON A COMMITMENT MADE BY THE PALME GOVERNMENT AND HANOI WAS THEREFORE EXTRACTING ALL IT COULD FROM THE SWEDISH TAXPAYERS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PAPERS, INDUSTRY, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 02 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978HONGK01559
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780050-0818
Format: TEL
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197802102/aaaadiec.tel
Line Count: 113
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 886e6dcd-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 HONG KONG 1237
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3432964
Secure: OPEN
Status: NATIVE
Subject: PROBLEMS AT SWEDISH PAPER MILL PROJECT IN VIETNAM
TAGS: EAID, EFIS, EPAP, SN, VM
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/886e6dcd-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014